

Fiscal Year 2010 DEQ Fee Proposal
Pollution Prevention and Environmental Assistance Programs Waste Reduction Fees
October 30, 2008

Program Description. The Pollution Prevention (P2) and Environmental Assistance Program (EAP) assists businesses, institutions, installations, and communities in improving worker safety, protecting the public and the environment, and in adopting more efficient and cost competitive operations. The types of assistance offered includes: education; outreach; technical assistance, financial assistance, compliance assistance, and leadership recognition. More specific, the P2/EAP facilitates the reduction of energy use, and of toxic materials, hazardous and solid waste generation through reuse, reduction, and recycling. It also recognizes environmental leadership and encourages business to business and business to community mentoring, while helping businesses, municipalities, and the public understand and meet their environmental responsibilities under state and federal environmental law. It also teaches and facilitates sustainability through a balanced approach to the economic, environmental, and social aspects of business or the "triple bottom line."

MCL Citation. **324.14301.** Sections 143, 145 of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), establishes the fee structure and program; Section 111 of the NREPA, establishes the fund and receives the current waste reduction fee.

Sunset Date. None.

Last Fee Increase: Fee has not been increased since its inception in 1987.

Who Pays the Fees? Fees are assessed on businesses according to quantities of hazardous waste landfilled or solidified at Michigan Treatment, Storage, and Disposal (TSD's) facilities. The DEQ records show the facilities impacted by the fee are predominately in the automotive, plating, petroleum and chemical manufacturers, and electricity generating utilities sectors in Michigan and the nearby states of Ohio, Indiana, and Wisconsin, and in Ontario, Canada. The fee is collected by Michigan TSDs (landfill or solidification facilities) and is assessed regardless of whether the waste is generated in state or out of state. At the present time, four different companies collect the fee and submit to the state.

Services Provided. Michigan leads the nation in the development of innovative P2 Programs. The P2 Program activities have resulted in the adoption of cost-effective, environmentally protective and energy efficient practices that benefit both business and the environment. The EAP was developed to provide one-stop shopping for environmental regulatory compliance needs. These needs are addressed through training, publications, frequently asked questions, permit coordination, and implementation of the environmental audit privilege law and key environmental results programs.

Benefits of Services Provided: Since 2004, the P2 Program has helped over 10,000 businesses, 200 state parks and recreation areas, and 30 universities and community colleges in reducing hazardous waste generation, increasing recycling rates, and facilitating adoption of energy efficient and best hazardous waste management practices. Michigan's hazardous waste generation today (approximately 300,000 tons in 2004), is 17 percent of what it was 20 years ago. A significant share of that reduction is attributable to the DEQ P2/EAP Programs. In 2007, the 365 members of the DEQ Michigan Business Pollution Prevention Partnership conserved 294 million gallons of water; reduced 2,310 million pounds of solid waste; and conserved 346 GW/hrs of electricity conserved.

What Happens Without The Services? Businesses, public, local units of government and higher education will lose the assistance in navigating the environmental requirements, working with the department's regulatory programs, and getting assistance in pollution prevention and

compliance assistance. This reduction in the preventative programs and the assistance programs will place more pressure on the limited resources in the regulatory programs. For example, assistance calls will still be received in the Department, but will have to be handled by regulatory staff thus reducing their ability to conduct their day to day business. The reduced assistance and loss of opportunity to increase efficiencies can certainly result in direct impacts to the environment as well. Two success stories represent or exhibit the types of opportunities that will be lost without sustainable funding. The first is Rapid Line. Through participation in the Green Suppliers Network Partnership and utilizing a student provided by the Retired Engineer Technical Assistance Program (REMAP), Rapid Line was able to implement process changes resulting in over \$50,000 in annual savings. A second example is Green supplier member, Metalworks. Metalworks utilized both the REMAP technical assistance and internship programs. Through implementation of both lean and green practices and continuous improvement, the company has realized a return of \$6.27 million over the past five years.

Current Fee Revenue. The current fee system generates approximately \$2.5 million annually.

Proposed Fee Revenue. The proposed fees are projected to generate an additional \$1.25 million for an annual revenue goal of \$3.75 million. This will maintain an existing balance of approximately \$800,000 to accommodate fluctuations in the revenue and maintain a reserve of funds for refunds as provided for in the statute.

Service Improvements and Efficiencies. Over the last several years, the P2 and Compliance Programs have streamlined operations to eliminate inefficiencies and lower operating costs using the principles it shares with businesses and partners. Cost saving measures have been instituted by combining programs to conserve resources, thus enabling the staff to work on priority projects such as the mercury reduction initiative and green chemistry. Emphasis is now on simple guidance manuals with checklists enabling a broader reach to a greater share of small to medium sized businesses. This strategy capitalizes on the expertise of the staff and minimizes the resources used. Further, the programs have invested in technological improvements to improve services and increase productivity. This has resulted in leveraging three U.S. Environmental Protection Agency (U.S. EPA) grants to streamline the reporting and analysis of environmental data.

Service Reductions. While efficiencies have been incorporated to accommodate reduced revenue, the ability to address emerging concerns and issues facing the businesses, residents, and environment in the state, has been impacted.

Impact Without Fee Increase. Without the proposed fee increase, programs such as recycling assistance, environmental assistance call center (which serves the public by timely responses to DEQ questions), mercury reduction, permit coordination, agri-energy (alternative energy and energy efficiency within the agricultural sector), and assistance to local communities would be seriously reduced or eliminated. Reduced assistance would result in an increase in toxic air emissions, discharges to the waters of the state, energy and resource use, and greater amounts of hazardous and solid waste generated. There will also be increased instances of noncompliance putting the public and workers at risk, furthering environmental degradation. Since many of the pollution prevention programs help to reduce wastes and operational costs, and to foster an understanding of global requirements, loss of these services could also increase the cost of conducting business as a Michigan company.

Current and Proposed Fees

Landfill and Solidification Hazardous Waste Disposal Fees
(Waste Reduction Fund)
 Rates were set in 1987

Type	Description		Current Fee	Proposed Fee
Landfill Disposal Charge	Charge based on quantity of hazardous waste specified on manifest or monthly operating report quarterly. Payment is due 30 days after close of each quarter.	Per ton disposed of in landfill.	\$10	\$15
		Per cubic yards disposed of in landfill.	\$10	\$15
		Per pounds disposed of in landfill.	½ cents	3/4 cents
Solidification Disposal Charge	Charge based on quantity of hazardous waste specified on manifest or monthly operating report. Payment is due 30 days after close of each quarter.	Per ton received at solidification facility.	\$10	\$15
		Per cubic yards received at solidification facility.	\$10	\$15
		Per pounds received at solidification facility.	½ cents	3/4 cents
		Per gallons received at solidification facility.	4 cents	6 cents

*The annual revenue by this fee proposal is \$3.75 million which is the amount needed to fund the program for FY2010. This DRAFT fee proposal includes a provision for an annual inflation adjustment based on the Detroit Consumer Price Index (CPI) with no sunset date for this fee. However, the fee proposals included in the FY2010 Executive Budget may not include a CPI adjustor. In that event, a sunset date would be proposed for this fee.